

# 2027-29 BUDGET DEVELOPMENT

## Policy Package Initial Guidance

As preparations begin for 2027-29 budget development, this guidance underscores a critical fiscal reality: the passage of H.R. 1 introduces substantial constraints on Oregon's budgetary landscape. Key federal changes reduce tax revenues, shift existing costs from federal to state revenues, and require new state expenditures for implementation of new mandates and ongoing program changes. These impacts are projected to create a gap between the cost of current programs and projected revenues.

The communication from the Governor's Office on February 10, 2026, addresses this challenge with clear direction to agencies to focus on maintaining core programs and services related to the agency's mission and identify ways to self-fund strategic investments, prioritizing concepts that encourage economic development, make goods and services more affordable for Oregonians, streamline and improve service delivery, implement executive orders, and preserve Oregon values.

With this direction, the 2027-29 budget development process will look similar to the 2025-27 budget development process, and we understand agencies will want to know timelines and work products. Therefore, included below are answers to several anticipated questions agencies may have as they begin working on budget preparation. This is not intended to be a comprehensive list but addresses some immediate concerns. More instruction will be provided during the Budget Kickoff Meeting in March and as budget development progresses.

While we are preparing to meet the fiscal challenges of 2027-29, your partnership in this effort is essential. Please continue to work closely with the Chief Financial Office and the Governor's Office.

## Questions and Answers

- What does it mean to develop “revenue-neutral” policy packages (or POPs)?
  - For General Fund and Lottery Funds, packages must be funded within existing resources available to the agency in the Current Service Level (CSL).
  - For Other Funds, policy packages should not require increased fees, assessments or rates; this does not limit agencies from requesting fee increases to cover costs of current programs.
  - Agencies may request packages to utilize additional Federal Funds where available, however no new revenue can be requested to satisfy state match or maintenance of effort requirements.

- How should I propose a fee increase to fund current programs?
  - Agencies should coordinate with the Chief Financial Office on any fee increases to fund current service level. Fee increase requests can follow the same process as before through the Agency Request Budget process once approved.
- Are there exceptions to the revenue-neutral requirement?
  - Agencies may request certain policy packages to be reviewed through the initial approval process related to the following:
    - Capital projects that must go through the Capital Projects Advisory Board process;
    - IT projects as they relate to SB 1090 (2025) review, especially projects already in process
    - Legislative or Ballot Measure mandates
  - CFO will communicate the process for requesting an exception the budget-neutral requirement during the Budget Kickoff Meeting in March
- Will investments be considered if revenue becomes available?
  - Agencies may develop investment concepts outside of the budget process, which support the goals and objectives of their strategic plans.
  - The investment concept should not be included in the Agency Request Budget but could be discussed in the agency budget narrative alongside the agency's strategic plan.
- What is the timeline for submitting draft policy packages and legislative concepts for Chief Financial Office and Governor's Office review:
  - March 2026
    - Continue regular budget development check-ins with the Chief Financial Office and Governor's Office
    - Finalize planned partner/constituency outreach with the GO, including the scheduling of board and commission approvals, when applicable.
    - **3/17:** Enterprise-wide Budget Kickoff Meeting with agency leadership, CFO analysts, and GO advisors

- April 2026
  - GO/CFO/Agencies work together to develop CSL budget
  - **4/1:** LCs due from agencies with 10 or more concepts to DAS via BillTracker.
  - **4/10:** Last day for all agencies to submit LCs to DAS via BillTracker
  - **4/17:** POP concepts due to CFO\*
- April-May 2026
  - First round review of LCs & POPs
  - GO/CFO continue to meet with agency budget staff to develop ARB and finalize which POPs to include
  - **5/20:** June Revenue Forecast released
  - **5/20 or 5/22:** Additional placeholder information for approved LCs due to DAS
  - **5/29: Last day for** approved LCs due to Legislative Counsel for drafting
  - **5/29:** Final POP approval for Agency Request Budget

\* Full budget development timeline and directions for submitting preliminary POP information will be released with budget instructions in March. Additional details about legislative concepts can be found in the communication distributed by Jessica Popinga-Fleer.